Scancell Holdings plc

REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

for the year ended 30 April 2016

Scancell Holdings plc
COMPANY INFORMATION

DIRECTORS

Dr J Chiplin
Professor L Durrant
Dr M G W Frohn
Dr R M Goodfellow
Ms K Cornish-Bowden
Dr SE Adams
Dr A Lewis

SECRETARY

Eversecretary Limited

REGISTERED OFFICE

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

PRINCIPAL PLACE OF BUSINESS

John Eccles House
Robert Robinson Avenue
Oxford Science Park
Oxford OX4 4GP

REGISTERED NUMBER

06564638 (England and Wales)

AUDITOR

Champion Accountants LLP
Chartered Accountants & Statutory Auditor
2nd Floor
Refuge House
33-37 Watergate Row
Chester
CH1 2LE

I am pleased to report the Company's final results for the year ended 30 April, 2016. Over the year, we have continued to make good progress across our two proprietary immuno-oncology platforms, with a pipeline of three products across five cancer indications under development.

SCIB1 continues to deliver compelling survival data in patients with melanoma and plans for our US Phase 2b study of SCIB1 in combination with a checkpoint inhibitor remain on track. Scancell's second ImmunoBody®, SCIB2, will be developed for the treatment of non-small cell lung cancer in combination with a checkpoint inhibitor. Progress has also been made in the pre-clinical development of Modi-1, which is being prepared for clinical trials in three indications, triple negative breast cancer, ovarian cancer and osteosarcoma.

In April 2016, the Company raised £6.2m (£5.8m net proceeds) from a firm placing and open offer; the firm placing raised gross proceeds of £3.4m and the open offer £2.8m. These funds will enable the Company to:

- Secure approval of an Investigational New Drug (IND) application for the SCIB1 checkpoint inhibitor combination study in patients with melanoma;
- Manufacture a new batch of SCIB1 for the SCIB1 checkpoint inhibitor combination study and complete all preparatory work for the trial in the US;
- Prepare and file a Clinical Trial Application (CTA) in the UK for the planned Phase 1/2 clinical trial with Modi-1, manufacture the product and to complete all of the preparatory work for such a trial in the UK; and
- Strengthen the management and infrastructure of the Company from new offices in San Diego and Oxford.

Financial

Profit and Loss Account

The Group made an operating loss for the year to 30 April, 2016 of £3,043,163 (2015: loss of £2,959,995). There has been an increase of 3% in the operating loss over the past two years. The major reasons for this have been an increase in administrative expenses during the year as the Company has incurred additional corporate costs in preparing and developing opportunities within the US. This increase has been partially offset by a reduction in development expenses as a result of expenditure on manufacturing costs being incurred in 2014/15 but not in 2015/16 and reduced clinical trial costs for the current year as the SCIB1 study closed in October 2015.

Overall the loss for the year was £2,583,273 (2015: loss £2,414,630).

Balance Sheet

The cash at bank at 30 April 2016 was £6,527,435 (30 April 2015: £3,059,001) and net assets amounted to £9,992,281 (30 April 2015: £6,754,002).

Two Powerful Proprietary Platforms: ImmunoBody® and Moditope®

Scancell is exploiting the unrivalled potential of the immune system to seek out and destroy cancer using our two proprietary immuno-oncology platforms.

ImmunoBody®

Scancell's potent innovative DNA-based ImmunoBody® therapies generate ultra-high avidity T cell responses that target and eliminate cancerous tumours. Although there have been some successes, therapeutic vaccine development has been hampered by high failure rates that can in large measure be attributed to a failure to trigger the induction of the high avidity multi-targeted anti-tumour T cell responses that are required to control the disease. Pre-clinical studies have confirmed that the ImmunoBody® platform delivers killer T cell responses that are superior in magnitude to those generated by current cancer vaccines. Moreover, different T-cell epitopes can be grafted into the framework allowing for rapid customisation for the targeting of multiple tumour types.

SCIB1 melanoma vaccine

SCIB1 continues to deliver strong survival data. Currently 19 of the 20 Stage III/IV patients with resected tumours remain alive. Despite additional treatment with checkpoint inhibitors and radiation therapy one patient who first experienced disease progression in September 2013 died in April 2016. Of the 16 patients who received 2-4mg doses of SCIB1 the median observation time since entry is now 49 months - a significant survival landmark and one which suggests that SCIB1 may offer curative potential in these difficult to treat patients. Indeed there have only been two new cases of disease progression in this cohort since December 2013. Of the four patients who received 8mg doses of SCIB1, the median observation time since entry is now 18 months. None of these patients have progressed and none have died. As Dr Keith Flaherty, Prof of Medicine at Harvard Medical School commented in July of this year: "The SCIB1 overall survival and progression free survival data to date go well beyond established norms for this group of patients."

The final Clinical Study Report, which will be issued later this year, will provide safety, immunology and clinical data from all patients up to 29 October 2015 (the date of the last patient's dose in the main study) to support our US IND submission.

Following quality control analysis the Company suspended dosing with the current clinical supplies of SCIB1 as the stored drug product was no longer within its original specification. With patient safety of paramount importance, the Company concluded that the clinical supplies were no longer suitable for further use, although no new side effects have emerged. The Company has recently signed a supply agreement with a new GMP manufacturer to supply materials for a planned new study of SCIB1 in combination with a checkpoint inhibitor which will also be made available to those patients who were receiving long term treatment before their treatment was interrupted.

Plans for the US Phase 2b study of SCIB1 in combination with a checkpoint inhibitor remain on track and is expected to commence in Q3 2017. The Principal Investigator will be Dr Keith Flaherty who will be joined by leading clinicians across the US. This study is designed to meet the need for enhanced response rates to immune checkpoint therapy which still remain unacceptably low. SCIB1 induced T cell activation provides a means to increase the immunogenicity of cancer cells and subsequently the response rate to immune checkpoint therapy. We have already shown enhanced response rates and survival times using a combination of SCIB1 and checkpoint inhibitor treatment in pre-clinical models of melanoma.

The "second generation" SCIB1 construct, SCIB1 PLUS has now been characterised and will be developed to support future clinical trials in the adjuvant indication. This will eliminate the need for HLA (human leucocyte antigen) testing before treatment and will effectively double the size of the available market for SCIB1.

SCIB2 lung cancer vaccine

SCIB2 contains multiple T cell epitopes derived from the lung cancer associated antigen NY-ESO-1. In a mouse lung cancer model, survival rates with SCIB2 were comparable to that seen with anti-PD-1 checkpoint treatment and moreover, survival rates were boosted to 100% when the checkpoint therapy was combined with SCIB2. At least 80% of patients with non-small cell lung cancer (NSCLC) fail to respond to checkpoint inhibitors as their tumours are insufficiently immunogenic. Targeted T-cell activation with SCIB2 may serve to increase the immunogenicity of lung cancers and subsequently the response rate to checkpoint therapy. We are therefore planning to conduct a US based clinical study on NY-ESO-1 NSCLC patients to assess the safety and efficacy of SCIB2 in combination with a checkpoint inhibitor. The first stages of manufacture will commence in Q4 2016 with the goal of starting enrolment early in 2018.

Moditope®

Scancell's Moditope® platform technology overcomes the immune suppression induced by tumours themselves, allowing activated T cells to seek out and kill tumour cells that would otherwise be hidden from the immune system. This is achieved by stimulating the production of CD4+ T cells using citrullinated tumour-associated peptide epitopes which overcome self-tolerance and destroy tumour cells. Pre-clinical studies have shown unprecedented anti-tumour effects that can be delivered even in the absence of checkpoint therapy.

Publication of the scientific data supporting the Moditope® platform in *Cancer Research* in December 2015 provided further endorsement of the quality of Scancell's innovative research and earlier this year we were pleased to announce a strategic collaboration with Karolinska Institutet to explore the role of citrullination in cancer, a key mechanism underpinning the Moditope® platform

Modi-1

Modi-1 is comprised of two citrullinated vimentin peptides and one citrullinated enolase peptide. Vimentin and enolase peptides are highly expressed in triple negative breast cancer, ovarian cancer and osteosarcoma. In animal models a single immunisation of Modi-1 resulted in a 100% survival rate. We are now actively planning a first-in-man clinical study to assess the safety and objective response rate of Modi-1 in all three target cancers which is expected to commence enrolment in early 2018.

Management and infrastructure changes

In May 2016, the Company made changes to the structure of Scancell's executive management team to align expertise with the strategic direction outlined in the fundraising, completed in April 2016. I have assumed the role of Executive Chairman and will be directly involved in raising the profile of the Company in the US. Dr Richard Goodfellow became CEO and Professor Lindy Durrant became Chief Scientific Officer, allowing her to focus fully on her innovative work that underpins the Company's novel technology platforms. In order to support the Company's ambitious US growth plans, an office has been opened in San Diego and Dr Alan Lewis who is based in the US has recently joined the Board as a non-executive director. Alan brings a wealth of industry experience, both commercially and financially and has extensive experience in drug discovery and development. In addition, we have opened an office on the Oxford Science Park from which all UK development activities will henceforth be coordinated.

The Board recognises that the progress made over the year would not have been possible without the dedication and support of all our staff and, on behalf of the directors, I offer our thanks to them.

Outlook

The Company has made significant progress during the course of the past year, both in terms of the maturing clinical data with SCIB1 and further scientific developments on both the ImmunoBody® and Moditope® platforms. We now have a pipeline of three products (SCIB1, SCIB2, Modi-1) across five cancer indications (melanoma, lung, breast, ovarian cancer and osteosarcoma) and clinical success with any one of these products could transform the value and attractiveness of business. The Board therefore believes that further clinical studies could add significant value to the Company and is continuing to explore with its advisors a number of funding options to ensure that the Company has the resources to progress these programmes further.

Scancell has arrived at an exciting point in its development. We now have the opportunity to transform the business from a small UK based and largely scientifically based enterprise into an international force in immuno-oncology. I remain committed to driving this process forward in the US and elsewhere, and to realising the value that has been accumulating over recent years, both for the benefit of our shareholders and cancer patients.

John Chiplin
Chairman

The Remuneration Committee includes all the independent directors and is chaired by Kate Cornish-Bowden. It meets at least once a year and more frequently if required. The Committee is responsible for setting the remuneration policy of the Executive Directors, including terms of employment, salaries, any performance bonuses and share option awards. The Executive Directors also consult the Committee in relation to the remuneration of senior employees and staff share option schemes. The remuneration of the Non-Executive Directors is determined by the Board as a whole.

The key principles underlying all decisions by the Remuneration Committee include the following:

- The need to attract, retain and motivate outstanding executives who have the potential to support the growth of the Scancell and help the Company achieve its strategic objectives.
- The need to ensure that long term incentive plans are aligned with the interests of shareholders.
- The need to take into account the competitive landscape in the UK biotechnology industry and current best practice in setting appropriate levels of compensation.

The Committee met on three occasions during the financial year. Scancell has had a busy year: we have appointed a new US-based chairman Dr John Chiplin and, post year-end, a new US-based non-executive Director, Dr Alan Lewis, to further strengthen the board. Dr John Chiplin has agreed to take up the role of Executive Chairman for an interim period to oversee our activities in the United States.

In addition to the annual review of compensation, subjects under discussion during the year included the issue of options to Dr John Chiplin, and consideration as to whether the current remuneration policy is effective in retaining and motivating our key employees as Scancell moves towards commencing clinical trials based in the United States.

Directors'remuneration

The table below summarises all directors' emoluments and pension contributions

	2015/16		2014/15	
	Salary, bonus and fees	Pension	Salary, bonus and fees	Pension
Dr J Chiplin (appointed 14 October 2015)	46,575	-	-	-
D E Evans (resigned 7 January 2016)	10,000	-	15,000	-
Dr R M Goodfellow	169,466	-	122,000	-
Professor L G Durrant	125,242	-	122,000	-
Dr S E Adams	104,792	40,625	100,000	20,000
Dr M G W Frohn	15,833	-	15,000	-
K Cornish-Bowden	15,833	-	15,000	-
P Allen (resigned 31 May 2014)	-	-	2,917	
	487,741	**40,625**	**391,917**	**20,000**

Directors' share options

The Remuneration Committee believes that the issue of options is a useful tool in motivating executives and ensuring their interests are aligned with those of our shareholders. All options are subject to time vesting schedules to ensure retention and stretching performance hurdles to ensure that rewards are consistent with delivery of strategic goals. Examples of performance hurdles include progress in clinical development programs, partnering and share price targets.

At 30 April 2016 the following directors held options over the shares of the Company.

	Type	*Grant Price*	*At 30/04/2016*	*At 30/04/2015*	*Issue Date*	*Date of expiry*
Dr J Chiplin	Unapproved[4]	17.0p	3,000,000	-	18/04/2016	18/04/2026
Dr R M Goodfellow	Unapproved/EMI[1]	4.5p	2,880,000	2,880,000	14/07/2010	14/07/2020
	Unapproved[2]	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
	Unapproved[3]	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
Prof L G Durrant	Unapproved/EMI[1]	4.5p	3,850,000	3,850,000	14/07/2010	14/07/2020
	Unapproved[2]	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
	Unapproved[3]	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
Dr S E Adams	EMI[2]	30.5p	250,000	250,000	18/06/2014	18/04/2024
	EMI[3]	30.5p	250,000	250,000	18/06/2014	18/04/2024

Notes:

1. Performance hurdle of 45p share price for 30 consecutive dealing days. In addition sale of company for in excess of £25 million.
2. Scientific criteria exercise condition to receive approval to commence a programme of clinical trials of a defined Moditope® product following submission of a clinical trial authorization request to MHRA.
3. Commercial criteria exercise condition is the entry, by the Company into an unconditional contract, the value of which is £50 million if an Immunobody® product or £10 million if a Moditope® product or exit.
4. Subject to performance hurdle of 45p share price for 30 consecutive dealing days or exit.

The process of ensuring that the remuneration policy remains transparent and effective in its goal of motivating and rewarding our executives is on-going. We will continue to take into account the views of our legacy and new shareholders as we review the appropriateness of the remuneration policy during this next phase of growth for your Company.

Kate Cornish-Bowden
Chairman Remuneration Committee

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of the discovery and development of novel vaccines for the treatment of cancer.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

A detailed review of the business and likely future developments is included in the Chairman's statement on page 2.

The results of the Group for the year are set out in the profit or loss and other comprehensive income statement on page 12.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board meets regularly to review the operations of the business and discuss risk areas.

A system of internal controls has been established and the Board ensures that management keeps these processes under regular review and improves them where appropriate. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Given the nature of the business there is a technical risk that the underlying scientific assumptions and hypotheses that underpin both the Immunobody® and Moditope® platforms are unable to be further validated in human clinical trials. In order to mitigate this risk the Group employs external consultants and advisers to review these underlying assumptions and the results from clinical trials. The Board considers these assessments and internal documentation on a regular basis and where necessary will amend or adjust the Group's strategy.

There is also a funding risk, whereby the Group may not have sufficient funds to complete the clinical trials. The Board reviews the time-lines for completing projects in conjunction with cashflow projections to ensure that the Group will have the necessary cash resources available.

Key performance indicators:
Due to the nature of the business, the key performance indicator used by the Group is the monitoring of income and expenditure against approved budgets.

By approval of the Board on 15th September, 2016

John Chiplin
Chairman

The directors submit their report and financial statements of Scancell Holdings plc and its subsidiary for the year ended 30 April 2016.

RESULTS AND DIVIDENDS

The Group's results for the year ended 30 April 2016 are shown in the consolidated profit or loss and other comprehensive income statement on page 12. No dividends will be distributed for the year.

FUTURE DEVELOPMENTS AND RESEARCH AND DEVELOPMENTS

A detailed review is included in the Chairman's statement on page 2.

DIRECTORS AND THEIR INTERESTS

The members of the Board, who have served during the financial year are detailed below. Their interests in the shares of the Group at 30 April 2016 and 2015 are set out below

	30 April 2016		30 April 2015	
	Owned	Jointly owned	Owned	Jointly owned
Prof L G Durrant	1,665,783	8,773,960	1,606,960	8,773,960
Dr M G W Frohn	58,823	Nil	Nil	Nil
Dr R M Goodfellow	258,823	6,343,840	200,000	6,343,840
Mr D E Evans (resigned 7 January 2016)		-	5,130,000	Nil
Ms K Cornish-Bowden	103,823	Nil	45,000	Nil
Dr S E Adams	58,823	Nil	Nil	Nil
Dr J Chiplin (appointed 14th October 2015)	58,823	Nil	Nil	Nil

In addition the Directors have been granted share options in Scancell Holdings plc as outlined in the Directors Remuneration report. Further details of all options outstanding, including those issued to employees, and fair value calculations can be found in note 16 to the Accounts.

SUBSTANTIAL SHAREHOLDINGS

The directors have been notified, or are aware of, the following interests in 3% or more of the ordinary share capital of the company (excluding directors) at 14 September 2016:

	Ordinary shares at 0.1p each	
	Number	Percentage
Reyker Nominees Limited	48,464,691	18.53%
Share Nominees Limited	23,377,076	8.94%
Barclayshare Nominees Limited	15,650,629	5.98%
Lynchwood Nominees Limited	15,085,721	5.77%
Huntress CI Nominees Limited	11,309,220	4.32%

STRUCTURE OF THE COMPANY'S CAPITAL

The Company's share capital is traded on the AIM market and comprises a single class of ordinary shares of 0.1 pence each, each carrying one voting right and all ranking equally with each other. At 30 April 2016 261,558,099 shares were allotted and fully paid. Details of movements in the Company's share capital during the period are shown in Notes 14 and 15 to the financial statements. Details of employee share option schemes are set out in Note 16 to the financial statements. Participants in employee share schemes have no voting or other rights in respect of the shares subject to their awards until the options are exercised, at which time the shares rank pari passu in all respects with shares already in issue.

DIRECTORS' INDEMNITY

The directors and officers of the Company are insured against any claims arising against them for any wrongful act in their capacity as a director, officer or employee of the Company, subject to the terms and conditions of the policy.

CORPORATE GOVERNANCE

The directors acknowledge the importance of the principles set out in the Combined Code issued by the Committee on Corporate Governance (the "Combined Code"). Although the Combined Code is not compulsory for AIM quoted companies, the directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

Your Board comprises an executive Chairman, three executive directors and three non- executive directors. Your Board meets regularly to consider strategy, performance, approval of major capital projects and the framework of internal controls. In addition the executive directors meet on a monthly basis for operational meetings. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Subject to the terms of the executive directors' service contracts, directors are subject to retirement by rotation and re-election by the Shareholders at Annual General Meetings on a three-year cycle, as required by the Articles of Association and any director appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election.

The directors have established Audit and Remuneration Committees. All non- executive directors are members of the Audit and Remuneration Committees.

The Audit Committee has Matthew Frohn as Chairman, and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee meets at least twice a year.

The Remuneration Committee has Kate Cornish-Bowden as Chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets not less than once every year.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have also prepared the company financial statements in accordance with International Financial Reporting Standards ("IFRS").

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

In the company financial statements, the directors are required to:

a select suitable accounting policies and then apply them consistently;

b make judgements and estimates that are reasonable and prudent;

c for the company financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU;

d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

The auditors Champion Accountants LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

By approval of the Board on 15th September 2016

John Chiplin
Chairman

Independent Auditor's Report to the Shareholders of Scancell Holdings PLC

We have audited the financial statements of Scancell Holdings PLC for the year ended 30 April 2016 which comprise the Consolidated Profit or Loss and Other Comprehensive Income Statement, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at :
www.frc.org.uk/apb/scope/private.cfm

Opinion
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2016, and of the group's loss for the year then ended;
- the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Champion Accountants LLP

Susan *Harris MA ACA*
Senior Statutory Auditor, for and on behalf of
Champion Accountants LLP
Chartered Accountants & Statutory Auditor
2nd Floor, Refuge House
33-37 Watergate Row,
Chester CH1 2LE *15th September, 2016*

Scancell Holdings plc

CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT
for the year ended 30 April 2016

	Notes	2016 £	2015 £
Development expenses		(2,009,046)	(2,118,366)
Administrative expenses		(1,034,117)	(841,629)
OPERATING LOSS	3	(3,043,163)	(2,959,995)
Interest receivable and similar income		13,552	131,513
LOSS BEFORE TAXATION		(3,029,611)	(2,828,482)
Taxation	4	446,338	413,852
LOSS FOR THE YEAR		(2,583,273)	(2,414,630)
Attributable to:			
Equity holders of the parent company		(2,583,273)	(2,414,630)
EARNINGS PER ORDINARY SHARE (pence)	5		
Continuing			
Basic		(1.14p)	(1.07p)
Diluted		(1.14p)	(1.07p)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2016

	Share Capital	Share Premium	Share Option	Retained Earnings	Total
	£	£	£	£	£
Balance 1st May 2014	224,951	16,036,276	522,358	(7,706,321)	9,077,264
Loss for the year				(2,414,630)	(2,414,630)
Share option charge			91,368		91,368
Balance 30 April 2015	224,951	16,036,276	613,726	(10,120,951)	6,754,002
Share issue	36,607	6,186,653			6,223,260
Expenses of issue		(437,634)			(437,634)
Loss for the year				(2,583,273)	(2,583,273)
Share option charge			35,926		35,926
Balance at 30 April 2016	261,558	21,785,295	649,652	(12,704,224)	9,992,281

Scancell Holdings plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2016

	Notes	2016 £	2015 £
ASSETS			
Non-current assets			
Plant and machinery	9	64,611	86,504
Goodwill	10	3,415,120	3,415,120
		3,479,731	3,501,624
Current assets			
Trade and other receivables	12	120,765	136,785
Tax receivables		440,001	660,504
Cash and cash equivalents		6,527,435	3,059,001
		7,088,201	3,856,290
TOTAL ASSETS		10,567,932	7,357,914
LIABILITIES			
Current Liabilities			
Trade and other payables	13	(575,651)	(603,912)
TOTAL LIABILITIES		(575,651)	(603,912)
NET ASSETS		9,992,281	6,754,002
SHAREHOLDERS' EQUITY			
Called up share capital	14	261,558	224,951
Share premium	15	21,785,295	16,036,276
Share option reserve	15	649,652	613,726
Profit and loss account	15	(12,704,224)	(10,120,951)
TOTAL SHAREHOLDERS' EQUITY		9,992,281	6,754,002

These financial statements were approved by the directors and authorised for issue on 15 September, 2016 and are signed on their behalf by:

John Chiplin
Director

Scancell Holdings plc

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 April 2016

	Notes	2016 £	2015 £
Operating activities			
Cash generated from operations	19	(2,997,585)	(2,763,460)
Income taxes received		666,841	124,713
Net cash from operating activities		**(2,330,744)**	**(2,638,747)**
Investing activities			
Grant monies		9,776	64,668
Other income		-	49,725
Finance income		3,776	17,121
Net cash used by investing activities		13,552	131,514
Financing activities			
Proceeds from issue of share capital		6,223,260	-
Expenses of share issue		(437,634)	-
Net cash generated from financing activities		5,785,626	-
Net increase/(decrease) in cash and cash equivalents		**3,468,434**	**(2,507,233)**
Cash and cash equivalents at beginning of the year		**3,059,001**	**5,566,234**
Cash and cash equivalents at end of the year		**6,527,435**	**3,059,001**

1 ACCOUNTING POLICIES

Basis of Preparation
These financial statements were approved by the board of directors on 15 September, 2016

The financial statements have been prepared on the going concern basis on the grounds that the directors have reviewed the funding available and the group's cash flow forecast and are content that sufficient resources are available to enable the group to continue in operation for at least twelve months from the date of approval of these accounts.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policies below.

The financial statements are presented in sterling which is the functional currency of the company rounded up to the nearest pound.

New standards and interpretation
At the date of authorisation of these financial statements a number of new Standards and Interpretations have been issued but are not yet effective and have not been applied in these financial statements.

The directors do not believe that the adoption of these Standards and Interpretations would have a material impact on the financial statements of the Group. The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

Key sources of estimation and uncertainty
The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as intangible assets. Although these estimates are based upon management's best knowledge of the amount event or actions, actual results may ultimately differ from those estimates. In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Identification and valuation of intangible assets on acquisition
The directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential and other relevant factors. These fair values will be reviewed for indications of impairment annually.

Segmental analysis
The Group's principal activity consists of the discovery and development of novel monoclonal antibodies and vaccines for the treatment of cancer. The directors believe that these activities comprise one operational segment and consequently segmental analysis by business segment is not considered necessary.

Share-based payments
In calculating the fair value of equity-settled share-based payments using the Black-Scholes option pricing model, the directors are required to exercise their judgement in determining input parameters which may have a material effect on the fair value calculated.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

BUSINESS COMBINATIONS
The financial statements incorporate the financial statements of the Company and its subsidiary, Scancell Limited. Unrealised gains on transactions between the Group and its subsidiary are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group since date of transition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any costs related to the acquisition are expensed in the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of assets and liabilities is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the consolidated profit or loss and other comprehensive income statement.

Subsidiary:
A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly (but normally through voting rights granted through the Company's shareholdings), to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements.

Acquisitions:
On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the consolidated profit or loss and other comprehensive income statement. Impairment is determined by comparing the recoverable amount of goodwill with its carrying value. For goodwill, the carrying value is compared to the market capitalisation of Scancell Holdings plc, as quoted on AIM at the year end. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the consolidated profit or loss and other comprehensive income statement to its recoverable amount.
The Directors have carried out an impairment review of goodwill carried forward at the balance sheet date and do not believe that an adjustment for impairment is necessary.

The results and cash flows relating to the business are included in the consolidated accounts from the date of combination.

REVENUE
Revenue is measured at the fair value of the consideration received or receivable and net of discounts and sales related taxes at the point when the company is legally entitled to the income.

EXPENDITURE
All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category of expenditure.

TANGIBLE FIXED ASSETS
Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery	- 25% on reducing balance
Computer Equipment	- 33% on reducing balance

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense, in the consolidated profit or loss and other comprehensive income statement. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the consolidated profit or loss and other comprehensive income statement to its recoverable amount less costs to sell.

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if amortisation of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxation profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary differences can be utilised.

Deferred tax is provided on temporary differences arising in the subsidiary company except where the timing of reversal of the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected to fall from the manner in which the asset or liability is recovered or settled.

INVESTMENTS

Investments in subsidiaries are stated at cost less any provisions for impairment. An impairment is recognised when the recoverable amount of the investment is less than the carrying amount.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

An internally generated asset arising from the group's development activities is only recognised if all of the following criteria are met:
- technical feasibility of completing the intangible asset so that it will be available for sale
- intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- the intangible asset will generate future economic benefit
- resources are available both technically and financially in order to complete the development.

In the case of development projects undertaken by the group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

FOREIGN CURRENCIES

Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the profit and loss account as they arise.

CASH

Cash includes cash-in-hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

CREDITORS AND PROVISIONS

Creditors and provisions are recognised when the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount to be settled can be reliably measured or estimated.

EQUITY

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Retained earnings include all current and prior period results as disclosed in the consolidated profit or loss and other comprehensive income statement.
- Share-based payment reserve is the corresponding entry to the expense arising from equity-settled share-based payments.

SHARE BASED PAYMENTS

In accordance with IFRS2 – 'Share based payments', a charge is made for all share –based payments including share options based upon the fair value of the instrument issued.

Under IFRS 2 the charge in the Profit and Loss Account for granted share options is based upon the fair value of the options at grant date and is charged over the expected vesting period. Estimates of leaver rates are taken into account over the vesting period. A charge has been recognised for all awards granted and is charged to the same expense category as the remuneration costs for the employee to whom the share award has been made. An equivalent amount is credited to the share option reserve in the balance sheet, with no resulting impact on net assets. The share options have been granted to directors and employees in the subsidiary company, Scancell Limited. Within Scancell Holdings plc, the parent company, a credit has been made to the share option reserve whilst the debit is treated as an increase in the value of the subsidiary company.

2 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

The directors consider that the group operated within a single business segment.

3 OPERATING LOSS

	2016 £	2015 £
Operating Loss is stated after charging/(crediting):		
Depreciation on tangible fixed assets	21,893	29,117
Operating lease rentals	12,500	14,523
Research and development	2,009,046	2,118,366
Auditors' remuneration – fee payable for audit of the company	8,250	7,250
Auditors' remuneration – fee payable for audit of the subsidiary company	10,775	7,250
Auditors' remuneration for non-audit services	1,500	1,260
Directors' remuneration	330,448	150,413

4 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2016	2015
Current tax	£	£
UK corporation tax credits due on R&D expenditure	440,001	422,976
Adjustment to prior year	6,337	(9,124)
	446,338	413,852

Factors affecting the tax credit
The tax assessed for the years is lower than the applicable rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Loss on ordinary activities before tax	(3,029,611)	(2,828,482)
Loss on ordinary activities multiplied by the small company rate of tax in the UK (20%)	(605,922)	(565,696)
Effects of:		
Disallowed expenditure	8,733	20,028
Timing differences	7,777	9,010
Enhanced tax relief on R&D expenditure	(343,593)	(327,849)
Reduced tax relief for losses surrendered for R&D tax credits	166,897	160,439
Prior year (under)/ over provision	(6,337)	9,124
Unrelieved losses carried forward	326,107	281,092
Current tax (credit)	(446,338)	(413,852)

The Group has tax losses to carry forward against future profits of approximately £11,180,000 (2015: £9,575,000).

A deferred tax asset has not been recognised in respect of these losses as the Group does not anticipate sufficient taxable profits to arise in the foreseeable future to fully utilise them.

The estimated value of the deferred tax asset not recognised measured at the prevailing rate of tax when the timing differences are expected to reverse is £1,888,000 (2015: £1,894,300).

5 EARNINGS PER SHARE

Basic earnings per share
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2016	2015
	£	£
Earnings used in the calculation of basic earnings per share	(2,583,273)	(2,414,630)
Profit for the year from discontinued operations included in the calculation of basic earnings per share	-	-
Earnings used in calculation of basic earnings per share from continuing operations	(2,583,273)	(2,414,630)
Weighted average number of ordinary shares of 0.1p each for the calculation of basic earnings per share	227,558,335	224,950,683

Diluted earnings per share

As the Group is reporting a loss from continuing operations for both years then, in accordance with IAS33, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

6 STAFF COSTS

	2016	2015
		£
Directors' salaries	259,959	130,413
Wages and salaries	345,123	325,594
Social security costs	63,847	46,379
Pension contributions -directors	40,625	20,000
	709,554	522,386

A charge for share based payments totalling £35,926 (2015: £91,368) was made in the year.

	2016	2015
	No.	No.
The average monthly number of persons during the year was:		
Research employees	9	9
Other employees	1	1
	10	10

7 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Professor L Durrant received salary of £10,417 (2015: £10,000); Dr RM Goodfellow received salary of £127,334 (2015: £10,000); Dr S E Adams received a salary of £104,792 (2015: £100,000); Dr M Frohn received a salary of £15,833 (2015: £7,500) and Miss K Cornish-Bowden received a salary of £2,083 (2015 £nil). Details of consulting services provided by these directors are disclosed in note 18. In addition a charge for share based payments totalling £35,296 (2015:£91,368) was made in the year.

Dr S E Adams has retirement benefits accruing under a money purchase scheme.

8 LOSS OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss and other comprehensive income of the parent company is not presented as part of these financial statements.

The parent company's loss and other comprehensive income for the financial year was £272,995 (2015: loss £184,260)

9 TANGIBLE FIXED ASSETS

current year	Computer Equipment £	Plant and machinery £	Total £
COST			
As at 1 May 2015	19,673	465,540	485,213
Additions	-	-	-
As at 30 April 2016	19,673	465,540	485,213
DEPRECIATION			
As at 1 May 2015	17,896	380,813	398,709
Charge for the year	586	21,307	21,893
As at 30 April 2016	18,482	402,120	420,602
NET BOOK VALUE			
At 30 April 2016	1,191	63,420	64,611
At 1 May 2015	1,777	84,727	86,504

prior year	Computer Equipment £	Plant and machinery £	Total £
COST			
As at 1 May 2014	19,673	465,540	485,213
Additions	-	-	-
As at 30 April 2015	19,673	465,540	485,213
DEPRECIATION			
As at 1 May 2014	17,021	352,571	369,592
Charge for the year	875	28,242	29,117
As at 30 April 2015	17,896	380,813	398,709
NET BOOK VALUE			
At 30 April 2015	1,777	84,727	86,504
At 1 May 2014	2,652	112,969	115,621

10 GOODWILL

	£
At 1May 2014 and 2015	3,415,120
Additions	-
At 30 April 2015 and 2016	3,415,120

Goodwill is allocated to cash generating units ('CGU') and in the opinion of the directors the Group consists of a single CGU. The goodwill arose on the acquisition of the wholly owned subsidiary company, Scancell Limited and is considered to have an indefinite life. The directors have carried out an impairment review of the goodwill arising on the acquisition of Scancell Limited. The Group has no budgeted revenues for the foreseeable future and so the directors have compared the market capitalisation of Scancell Holdings plc, as quoted on AIM at the year end with the carrying value of goodwill and believe that no impairment is necessary.

11 FIXED ASSET INVESTMENTS

COMPANY - shares in group undertaking	£
Cost at 1 May 2014	5,084,186
Share options exercised	-
Share options granted	91,368
Cost at 30 April 2015	5,175,554
Share options exercised	-
Share options granted	35,926
Cost at 30 April 2016	5,211,480

The company's investment at the balance sheet date represents 100% of the ordinary share capital of its subsidiary company, Scancell Limited, registered in the UK whose business is the discovery and development of treatments for cancer. There are no significant restrictions within the group regarding access or use of assets or settling liabilities.

At 30 April 2016 the aggregate capital and reserves of Scancell Limited was £(9,363,409) (2015: £(7,090,184)) and its loss for the financial year was £2,309,151 (2014:Loss of £2,230,369)

12 TRADE AND OTHER RECEIVABLES

	2016	2015
	£	£
VAT	97,198	92,274
Prepayments	23,567	44,511
	120,765	136,785

13 TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Trade payables	317,224	369,829
Taxation and social security	46,730	12,752
Other payables	211,697	221,331
	575,651	603,912

14 SHARE CAPITAL

	2016	2015
	No.	No.
Allotted, issued and fully paid		
0.1p ordinary shares	261,558,099	224,950,683
	£	£
Allotted, issued and fully paid		
0.1p ordinary shares	261,558	224,951

On 5th April 2016 the Company issued 20,000,000 ordinary shares at 17p each by way of a firm placing and a further 16,607,416 at 17p by an open offer.

All shares rank pari passu with voting rights and entitlement to dividend.

15 MOVEMENT ON SHARE CAPITAL AND RESERVES

GROUP

	Share Capital	**Share Premium**	**Share Option**	**Retained Earnings**	**Total**
	£	£	£	£	£
Balance 1st May 2014	224,951	16,036,276	522,358	(7,706,321)	9,077,264
Loss for the year				(2,414,630)	(2,414,630)
Share option charge			91,368		91,368
Balance 30 April 2015	224,951	16,036,276	613,726	(10,120,951)	6,754,002
Share issue	36,607	6,186,653			6,223,260
Expenses of issue		(437,634)			(437,634)
Loss for the year				(2,583,273)	(2,583,273)
Share option charge			35,926		35,926
Balance at 30 April 2016	261,558	21,785,295	649,652	(12,704,224)	9,992,281

COMPANY

	Share Capital	**Share Premium**	**Share Option**	**Retained Earnings**	**Total**
	£	£	£	£	£
Balance 1st May 2014	224,951	16,036,276	522,358	(1,086,069)	15,697,516
Loss for the year				(184,260)	(184,260)
Share option charge			91,368		91,368
Balance 30 April 2015	224,951	16,036,276	613,726	(1,270,329)	15,604,624
Share issue	36,607	6,186,653			6,223,261
Expenses of issue		(437,634)			(437,634)
Loss for the year				(272,995)	(272,995)
Share option charge			35,926		35,926
Balance at 30 April 2016	261,558	21,785,295	649,652	(1,543,324)	21,153,182

16 SHARE OPTIONS

The Group has granted options to members of staff as follows:

Share Scheme	Grant Date	Option Price	Number of shares	Period within which options are exercisable From	To
EMI	02.12.08	5.0p	290,000	02.12.11	02.12.18
	02.12.08	31.3p	120,000	02.12.11	02.12.18
	02.01.09	6.0p	145,000	02.01.12	01.01.19
	13.07.10	4.5p	6,730,000	02.12.11	14.07.20
	02.09.14	33.0p	180,000	02.09.17	02.09.24
	18.06.14	30.5p	500,000	18.06.17	18.06.24

The market price of the shares at 30 April 2016 was 16.13p and, the range during the year was 12.63p to 38.25p. Options may normally be exercised in whole or in part within the period of three to ten years after the date of the grant.

Further unapproved options were issued as follows:

Share Scheme	Grant Date	Option Price	Number of shares	Period within which options are exercisable From	To
Unapproved	02.04.09	2.5p	58,640	02.04.12	02.04.19
	01.12.08	6.0p	3,040,000	02.12.11	02.12.18
	29.06.10	4.5p	3,184,620	30.09.11	17.04.17
	29.06.10	4.5p	3,184,630	28.02.13	23.04.21
	02.12.08	9.4p	29,320	02.04.12	02.04.19
	10.12.13	33.2p	7,000,000	11.12.14	11.12.26
	18.04.16	17.0p	3,000,000	18.04.17	18.04.26

At 30 April 2016 the following options are held by directors of the company:

	Options At 30.04.15	Additions in the year	Options at 30.04.16	Exercise price	Date first exercisable	Expiry date
EMI Scheme						
L Durrant	3,850,000		3,850,000	4.5p	02.12.11	14.07.20
R Goodfellow	2,880,000		2,880,000	4.5p	02.12.11	14.07.20
S Adams	500,000	-	500,000	30.5p	18.06.17	18.06.24
Unapproved						
L Durrant	3,500,000		3,500,000	33.2p	10.12.14	31.12.23
R Goodfellow	3,500,000		3,500,000	33.2p	10.12.14	31.12.23
J Chiplin		3,000,000	3,000,000	17.0p	18.04.17	18.04.26

The weighted average exercise prices over the year were as follows:

	Number	Weighted Average Exercise Price
Enterprise Management Scheme		
Revised number of options outstanding at 1 May 2015 and at 30 April 2016	7,965,000	7.2p
Number of EMI options exercisable at 30 April 2016	7,285,000	31.2p

SHARE OPTIONS (continued)

	Number	Weighted Average Exercise Price
Unapproved Scheme		
Revised number of options outstanding at 1 May 2015	16,497,210	33.9p
Granted in year	3,000,000	17.0p
Revised number of options outstanding at 30 April 2016	19,497,210	17.0p
Exercisable at 30 April 2016	13,312,580	20.0p

Within the unapproved options are those granted to ICHOR Medical Systems Inc (“ICHOR”) pursuant to the License and Supply Agreement (‘the Agreement’) dated 13 July 2009. Under the terms of the Agreement, ICHOR agreed to supply its TriGrid™ electroporation device for Scancell’s pre-clinical and forthcoming clinical studies with SCIB1 and gave Scancell an option to license TriGrid™ for commercial use on achievement of certain milestones and payment of royalties. In return, ICHOR was granted options to subscribe for ordinary shares in the Company. The options have been granted at 4.5p per share and vest as follows.

3,184,620	on commencement of first Phase II clinical trial
3,184,630	on completion of first Phase II clinical trial

Each tranche of the options may be exercised at any time in the five year period after the relevant vesting date.

All share options are equity settled. Vesting conditions for employees are time based and vesting conditions for options issued to Directors are set out in the Directors’ Remuneration Report.

17 SHARE BASED PAYMENTS

The Group operates a number of share based incentive schemes as detailed in note 16 above. The fair value of the award granted and the assumptions used in the calculations are as follows:

Date of Grant	**Type of Award**	**Number of Awards**	**Exercise Price**	**Share price at grant date**	**Fair value per option**
2 December 2008	EMI	290,000	5.0p	5.8p	3.3p
2 December 2008	EMI	120,000	31.3p	5.8p	0.2p
2 December 2008	Unapproved	3,040,000	6.0p	5.8p	3.3p
2 January 2009	EMI	145,000	6.0p	5.8p	3.3p
2 April 2009	Unapproved	58,640	2.5p	4.0p	2.7p
2 April 2009	Unapproved	29,320	9.4p	4.0p	1.5p
29 June 2010	Unapproved	6,369,250	4.5p	6.0p	2.2p
14 July 2010	EMI	6,730,000	4.5p	6.25	2.1p
10 December 2013	Unapproved	7,000,000	33.2p	36.0p	4.0p
18 June 2014	EMI	500,000	30.5p	30.5p	3.0p
18 April 2016	Unapproved	3,000,000	17.0p	17.0p	3.0p

The number of shares shown above has been adjusted for the sub-division of shares that occurred in July 2011.

A description of the key assumptions used in calculating the share-based payments follows.

1. The Black-Scholes valuation methodology was used.
2. The expected volatility is based upon historical volatility over a period of time and amounted to 10.2%
3. The expected life used in the model varies between two and five years and is based upon management’s best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.
4. The risk free rate is based upon the prevailing UK bank base rate at grant date.
5. Expected dividend yield is nil.

18 RELATED PARTY TRANSACTIONS

During the year, the following directors provided consultancy services to the Group as follows:

	2016 Total	2015 Total
Professor L Durrant	£114,825	£112,000
Dr R.M Goodfellow	£42,132	£112,000
Dr J Chiplin	£46,575	-
Mr D Evans	£10,000	£15,000
Dr MW Frohn	-	£7,500
Ms K Cornish-Bowden	£13,750	£15,000

At the end of the year the following balances were outstanding from the Group:

	2016	2015
Professor L Durrant	£12,556	£12,439
Dr J Chiplin	£19,466	£nil
Mr D Evans	£nil	£1,250
Dr R M Goodfellow	£nil	£21,050
Ms K. Cornish-Bowden	£nil	£2,500

All of the above transactions were conducted under normal commercial terms.

Professor L Durrant and Dr R M Goodfellow provided their consultancy through limited companies.

In addition to the above Scancell Holdings plc has a current account with its subsidiary company, Scancell Limited. At the year end the balance owing to Scancell Holdings plc amounted to £15,495,087 (2015: £10,018,607). The current account balance is interest free and there are no set repayment terms.

19 RECONCILIATION OF LOSS BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS

	2016 £	2015 £
Loss before taxation	(3,029,611)	(2,828,482)
Adjustments for:		
Share option costs	35,926	91,368
Depreciation of computers, plant and equipment	21,893	29,117
Finance income	(13,552)	(131,513)
Operating cash flows before movement in working capital	(2,985,344)	(2,839,510)
Decrease/ (Increase) in amounts receivable	16,020	9,729
(Decrease)/Increase in amounts payable	(28,261)	66,321
Net cash outflow from operating activities	(2,997,585)	(2,763,460)
	========	========

20 FINANCIAL INSTRUMENTS

The Group holds or issues financial instruments in order to achieve two main objectives, being:
(a) to finance its operations; and
(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance.

In addition, various financial instruments (e.g. receivables, trade payables, accruals and prepayments) arise directly from the Group's and the Company's operations. Transactions in financial instruments result in the Group assuming or transferring to another party one or more of the financial risks described below.

The Group currently finances its operations through reserves of cash and liquid resources and does not have a borrowing requirement. Surplus cash at bank is placed on deposits at variable rates. The Board monitors the financial markets and the Group's own requirements to ensure that the policies are exercised in the Group's best interests.

Liquidity risk
Liquidity risk is the risk that the Group and Company will not be able to meet their financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation.

Market risk
Market risk is the risk that changes in market prices, such as interest rates and exchange rates will affect the Group and Company's income or the value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters whilst optimising the return.

The Group has no financial assets other than sterling current account balances of £6,527,435 (2015: £3,059,001) which are instantly available funds attracting variable rates of interest.

Historically the Group has not used derivative instruments to hedge against possible risks arising from fluctuations in foreign currency exchange rates as the exposure is limited. If foreign currency exposure increases, the use of foreign currency hedging instruments will be reviewed as a means of reducing the effect of exchange rate fluctuations on the Group's results.

Credit risk
Credit risk is the risk of financial loss to the Group and Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from a company's receivables from Customers. The Group and Company have no third party customers and so this risk is viewed as minimal.

Maturity of financial liabilities
All of the Group's financial liabilities as at 30 April 2016 are payable within less than one year.

Fair values
All of the Group's financial assets and liabilities are initially recognised at transaction value. There is no material difference between the book value and the fair value of the Group's financial assets or liabilities.

The Group's financial instruments comprise cash and cash equivalents, borrowings and items such as trade payables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

Financial instruments

Group

	2016	2015
	£	£
Financial assets		
Cash and cash equivalents	6,527,435	3,059,001
Trade and other receivables	560,766	797,289
Financial liabilities		
Trade and other payables	(575,651)	(603,911)

Company

	2016	2015
Financial assets		
Cash and cash equivalents	550,982	524,015
Trade and other receivables	15,558,792	10,055,711
Financial liabilities		
Trade and other payables	(168,072)	(150,657)

The carrying amounts are equal to the fair value therefore no impairment is required.

21 OPERATING LEASE COMMITMENTS

The following operating lease is committed to be paid.

	Land and buildings	
	2016	2015
	£	£
Within one year	12,500	12,500
Within one and five years	8,333	20,833

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2016

	Share Capital	**Share Premium**	**Share Option**	**Retained Earnings**	**Total**
	£	£	£	£	£
Balance 1st May 2014	224,951	16,036,276	522,358	(1,086,069)	15,697,516
Loss for the year				(184,260)	(184,260)
Share option charge			91,368		91,368
Balance 30 April 2015	224,951	16,036,276	613,726	(1,270,329)	15,604,624
Share issue	36,607	6,186,653			6,223,261
Expenses of issue		(437,634)			(437,634)
Loss for the year				(272,995)	(272,995)
Share option charge			35,926		35,926
Balance at 30 April 2016	261,558	21,785,295	649,652	(1,543,324)	21,153,182

Scancell Holdings plc
COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 April 2016

	Notes	2016 £	2015 £
ASSETS			
Non-current assets			
Investments	11	5,211,480	5,175,554
		5,211,480	5,175,554
Current assets			
Trade and other receivables	A	15,558,792	10,055,711
Cash and cash equivalents	B	550,982	524,015
		16,109,774	10,579,726
TOTAL ASSETS		21,321,254	15,775,280
LIABILITIES			
Current Liabilities			
Trade and other payables	C	(168,072)	(150,656)
TOTAL LIABILITIES		(168,072)	(150,656)
NET ASSETS		21,153,182	15,604,624
SHAREHOLDERS' EQUITY			
Called up share capital	14	261,558	224,951
Share premium	15	21,785,295	16,036,276
Share option reserve	15	649,652	613,726
Profit and loss account	15	(1,543,324)	(1,270,329)
TOTAL SHAREHOLDERS' EQUITY		21,153,182	15,604,624

These financial statements were approved by the directors on 15th September, 2016 and are authorised for issue and are signed on their behalf by:

John Chiplin
Director

Scancell Holdings plc

COMPANY STATEMENT OF CASHFLOWS

for the year ended 30 April 2016

	2016 £	2015 £
Operating activities		
Cash generated from operations (note D)	(5,758,660)	25,624
Income taxes received	-	-
Net cash from operating activities	**(5,758,660)**	**25,624**
Financing activities		
Proceeds from issue of share capital	6,223,261	-
Expenses of share issue	(437,634)	-
Net cash generated from financing activities	**5,785,627**	**-**
Net increase in cash and cash equivalents	**26,967**	**25,624**
Cash and cash equivalents at beginning of the year	**524,015**	**498,391**
Cash and cash equivalents at end of the year	**550,982**	**524,015**
	=======	=======

A TRADE AND OTHER RECEIVABLES

Company	2016	2015
	£	£
Amounts owed by group undertakings	15,495,087	10,018,607
VAT	40,138	14,432
Prepayments	23,567	22,672
	15,558,792	10,055,711

The amounts owed by group undertakings are interest free with no set repayment term.

B CASH AND CASH EQUIVALENTS

Company		
Cash at bank and in hand	550,982	524,015

C TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Trade creditors	47,573	30,157
Other creditors	120,499	120,499
	168,072	150,656

D RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Loss for the year before taxation	(272,995)	(184,260)
(Increase)/Decrease in amounts receivable	(5,503,081)	207,615
Increase in amounts payable	17,416	2,269
Cash generated from operations	(5,758,660)	25,624